



Federal Communications Commission  
Washington, D.C. 20554

92-77

December 6, 1994

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The Honorable Jerry F. Costello  
U.S. House of Representatives  
119 Cannon House Office Building  
Washington, D.C. 20515

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

Dear Congressman Costello:

Thank you for your letter regarding the Commission's Billed Party Preference (BPP) proceeding and for sharing your concerns with us on this issue.

On May 19, 1994, the Commission adopted a Further Notice of Proposed Rulemaking in this proceeding. I have enclosed a copy of the Further Notice and press release accompanying it for your information.

The Further Notice sets forth a detailed cost/benefit analysis of BPP. This analysis indicates, based on the available data, that the benefits of BPP to consumers would exceed its costs. The Further Notice sought comment on this analysis and asked interested parties to supplement the record concerning the costs and benefits of BPP. The Further Notice also invited parties to recommend alternatives to BPP that could produce many of the same benefits at a lower cost. Reply comments were due September 14, 1994. Presently, the Commission is evaluating the comments submitted and considering the implementation of BPP along with other options.

The Further Notice also explicitly sought comment on whether correctional facility telephones should be exempt if BPP is adopted. Specifically, the Further Notice sought additional information on the effectiveness and costs of controlling fraud originating on inmate lines with or without BPP. The Further Notice also sought comment on a proposal to exempt prison telephones from BPP if the operator service provider adheres to rate ceilings for inmate calling services.

BPP would not preclude prison officials from blocking or limiting inmate calls to specific telephone numbers in order to prevent threatening and harassing calls. Moreover, BPP would not affect the ability of prison officials to limit inmates to collect calling or to program telephone equipment at the prison site to block certain numbers.

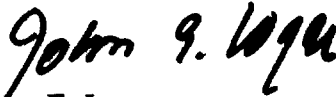
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The Honorable Jerry F. Costello  
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Thank you for your interest in this proceeding. I can assure you that the Commission will carefully examine all of the comments submitted in response to the Further Notice, including additional empirical data regarding the costs and benefits of implementing BPP and the impact of BPP on telephone service from correctional facilities.

Sincerely yours,

A handwritten signature in black ink that reads "John E. Logan". The signature is written in a cursive style with a large, stylized "J" and "L".

John E. Logan  
Deputy Director  
Office of Legislative and Inter-governmental Affairs

Enclosures

JERRY F. COSTELLO  
12TH DISTRICT, ILLINOIS

COMMITTEES:  
BUDGET

PUBLIC WORKS AND TRANSPORTATION  
SCIENCE, SPACE, AND TECHNOLOGY  
(ON LEAVE)

PLEASE RESPOND TO THE  
OFFICE CHECKED BELOW:

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-1312**

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September 23, 1994

Mr. Reed Hundt  
Chairman  
Federal Communications  
Commission  
1919 M St, NW, Room 814  
Washington, D.C. 20554

Dear Reed:

I am writing to share my concerns on the issue of Billed Party Preference (BPP) for inmate phone services. As a former law enforcement officer, I have some concerns about this proposed rule.

I feel BPP will undermine the ability of correctional facility staff to control inmate calling. Because correctional facilities have the responsibility of guarding inmates and maintaining proper order, many steps, including adequate safeguards on the telephone system, must be taken. I feel establishing BPP will cause difficulties to many prison institutions and increase costs for those receiving phone calls from correctional institutions.

I am sure you are aware of the high costs of incarceration. The current revenue-sharing telephone service arrangements at place in many prisons provide the funding to pay for telephone service, which would otherwise come from limited tax dollars. Without these revenues at the individual prison, it will become difficult for prison administration to afford the charges associated with basic telephone service and may have to scale back on its telephone equipment or service, as was the case in many prisons before cooperative arrangements were in place. The current revenue-sharing arrangements for telephone services have also created monies which are used to fund inmate programs, such as family visitation, education and drug rehabilitation. BPP will further direct monies away from these important programs.

Proponents of BPP feel it will assure consumers of reasonable rates for telephone calls. Realizing that family members of inmates frequently call, many correctional facilities contract with inmate phone providers that provide reasonable rates. In fact, some institution administrators contractually require a rate ceiling from the provider.

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Implementation of BPP for inmate phone service has been estimated to cost \$1.5 billion dollars, and these costs would have to be paid exclusively by inmate families and other who receive inmate calls. I hope you will keep the concerns surrounding inmate phone services in mind as the BPP issue is further addressed. Thank you for allowing me to share my thoughts with you on this matter.

Sincerely,



JERRY F. COSTELLO  
Member of Congress

JFC/rc